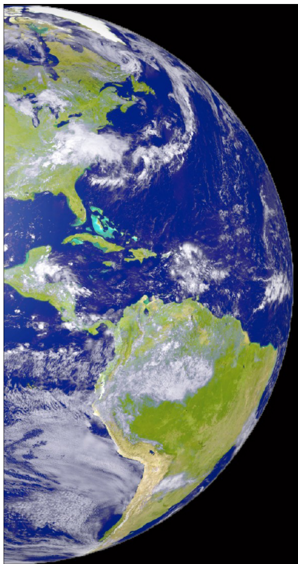

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THE GLOBAL INVESTMENT PULSE

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INCOME TAX-EFFICIENT PLACEMENT CAN ENHANCE TOTAL INVESTMENT RETURNS

By James J. Holtzman, CFP®, Legend Financial Advisors, Inc.® and EmergingWealth Investment Management, Inc.®

Investors need to spend time not just on what investment to purchase, but what type of securities account that the investment needs to be held in as part of the investment decision process to minimize investment related income taxes.

Due to the complexity of the income tax code and each individual's situation being very different, the following guidelines will not necessarily apply to everyone, but they do provide a framework for investors when deciding where to place different asset classes.

Investors need to have an understanding of how their different types of accounts are income taxed. There are three major types of accounts: taxable, tax-deferred and tax-free. For example, a taxable account (sometimes referred to as an individual account or a joint account) is fully taxable. Tax-Deferred accounts include Traditional IRAs, work-sponsored retirement plans (401(k) Profit-Sharing, 403(b) Plans, 457(f) Plans, etc.) and self-employed retirement accounts (SEP IRA, Individual

Income Tax, *continued on page 6*

WEBCAST: "2018 FINANCIAL MARKETS OUTLOOK: THE BEGINNING OF THE END OR CONTINUED OPPORTUNITY?"

Lou Stanasolovich, CFP's®, recent Webcast entitled "2018 Financial Markets Outlook: The Beginning Of The End Or Continued Opportunity?" is now available to watch "On Demand" at www.legend-financial.com/financialwebcasts. Learn more about what to expect from the 2018 Financial Markets:

Lou discusses the following topics and more:

1. What Dangers Lurk Ahead!
2. Will U.S. And Global Expansion Continue?
3. Stock Market Volatility – Where Is It?
4. How Will Rising U.S. And Worldwide Interest Rates Affect The Stock And Bond Markets?
5. Where Are 2018's Best Investment Opportunities?

Lou Stanasolovich, CFP®, a winner of over 35 major national "Best Advisor" type awards, is the CCO, CEO and President at Legend Financial Advisors, Inc.® and its sister firm EmergingWealth Investment Management, Inc.® (See Lou's Bio on page 2.).

THE PROS AND CONS OF PREFERRED STOCKS

By Louis P. Stanasolovich, CFP®, CCO, CEO and President of Legend Financial Advisors, Inc.® and EmergingWealth Investment Management, Inc.®

Preferred stocks currently high yields as compared to common stocks, but they can also be as volatile as common stocks at times. After all, they are stocks, but can act like bonds at times. They also provide an income advantage but they can provide an income taxation advantage as well regardless of one's tax

Preferred Stocks, *continued on page 3*

GOLD TAXATION CAN BE COMPLEX

By James J. Holtzman, CFP®, Legend Financial Advisors, Inc.® and EmergingWealth Investment Management, Inc.®

Gold has been a very popular investment over the last five decades. However, there are different ways to invest in gold. One of the oldest ways to obtain exposure is to physically possess gold. This is typically accomplished in the form of buying gold bars and or coins such as South African Krugerrands, Canadian Maple Leafs or Gold American Eagles. Another way to purchase physical gold, although indirectly, is the SPDR Gold Trust (GLD), which provides exposure to gold bullion itself by

Gold, *continued on page 10*

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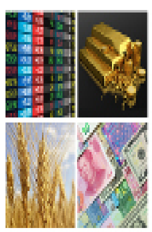

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LOUIS P. STANASOLOVICH, CFP®, EDITOR

Louis P. Stanasolovich, CFP® is founder, CCO, CEO and President of Legend Financial Advisors, Inc.® (Legend) and EmergingWealth Investment Management, Inc.® Lou is one of only four advisors nationwide to be selected 12 consecutive times by Worth magazine as one of "The Top 100 Wealth Advisors" in the country. Lou has also been selected 13 times by Medical Economics magazine as one of "The 150 Best Financial Advisors for Doctors in America", twice as one of "The 100 Great Financial Planners in America" by Mutual Funds magazine, five times by Dental Practice Report as one of "The Best Financial Advisors for Dentists In America" and once by Barron's as one of "The Top 100 Independent Financial Advisors". Lou was selected by Financial Planning magazine as part of their inaugural Influencer Awards for the Wealth Creator award recognizing the advisor who has made the most significant contributions to best practices for portfolio management. He has been named to Investment Advisor magazine's "IA 25" list three times, ranking the 25 most influential people in and around the financial advisory profession as well as being named by Financial Planning magazine as one of the country's "Movers & Shakers" recognizing the top individuals who have done the most to advance the financial advisory profession.

THREE BIG RISKS

By Stephen B. Blumenthal, Founder and CEO, CMG Capital Management Group, Inc.

As Edited By Diane M. Pearson, CFP®, PPC™, CDFA®, Legend Financial Advisors, Inc.® and EmergingWealth Investment Management, Inc.®

Regardless of which new paradigm becomes reality, Mohamed El-Erian (formerly of PIMCO) recently predicted that investors can expect more volatility in markets in 2018 than was seen during the unusually tranquil period of 2017.

I. One risk investors should watch out for is geopolitics. "Geopolitics matter," said El-Erian. "Markets cannot price in geopolitical shocks easily. If you get a shock, you could get a shift in markets that could be quite violent."

  A. Keep an eye on North Korea and the Middle East, where Iran and Saudi Arabia are waging a proxy war.

II. Another risk are Central Banks: How successful will they be at normalizing their unconventional monetary policies.

  A. El-Erian is confident the Fed can continue to normalize policy successfully.

  B. However, it remains to be seen whether the Fed, the European Central Bank, the Bank of Japan and the People's Bank of China can all do it at the same time. That will prove exceedingly challenging.

III. The third risk that El-Erian pointed out is the potential for a market accident, particularly from index funds and ETFs with exposures to illiquid underlying assets.

  A. A small proportion of these funds "have inadvertently overpromised liquidity to the users" and "the users have assumed much more liquidity than the underlying asset class can serve," he said.

IV. El-Erian suggested areas such as emerging markets and high-yield bonds could be faced with a liquidity crunch in the future. "What happens if certain sectors have overpromised liquidity? Do you get contagion or not?" he asked.

El-Erian's conclusion – A Beautiful Deleveraging is Probable

V. "For the first time in a very long time, there's reason to be optimistic about fundamentals gaining enough traction to validate asset prices," he said.

VI. Investors just have to expect a bumpier ride this year than last:

  A. "The world I'm describing is a world in which even the long-term investor has to have a tactical layer on top of the structural and secular layer."

VII. "We are coming out of one paradigm and going into another paradigm," El-Erian added.

  A. "There's more probability of success than failure, but it's not overwhelming.

Source: This article was excerpted from "Are We In A Bubble", by Stephen B. Blumenthal, Founder and CEO, CMG Capital Management Group, Inc., (*On My Radar*, January 26, 2018), www.cmgwealth.com

PULSE

Preferred Stocks, *continued from page 1*

bracket. The after-tax yield, at times, can exceed that of high-yield junk bonds or even tax-exempt municipal bonds son an after-tax yield basis. The reason is that distributions from many preferred stocks are taxed as qualified dividend income (QDI), rather than as regular interest income, which helps investors keep more of what they earn.

However, preferred stocks like other forms of fixed income securities can be sensitive to the effects of rising interest rates. Corporate financial issues such as profit and losses can also affect their prices. To combat rising interest rates, portfolio managers of actively managed portfolios of preferred securities, have a number of different tools that allow them to effectively manage through changing conditions. Those tools include:

1. Utilizing more floating-rate type securities that are less sensitive to interest rates

2. Own more higher-coupon/higher-income securities (They pay higher rates though because they are risker)

3. Foreign currency-denominated securities often offer higher yields but, again, they are riskier

4. If a portfolio manager is sophisticated they can use derivatives to hedge interest rates

<u>The Current State Of Affairs:</u>

Preferred stocks continue to offer higher yields relative to most other fixed income categories. Current yields are generally in the 2.5%-3.5% range. At times, preferred securities are more volatile than most fixed income securities, but they could provide enough yield over and above other fixed income securities to at least compensate for the large majority of the added volatility. Furthermore, the additional income may help to soften the impact of rising interest rates. Investors should not forget though these securities are still stocks.

PULSE

EVERYTHING WORKS BUT VALUE IN 2017

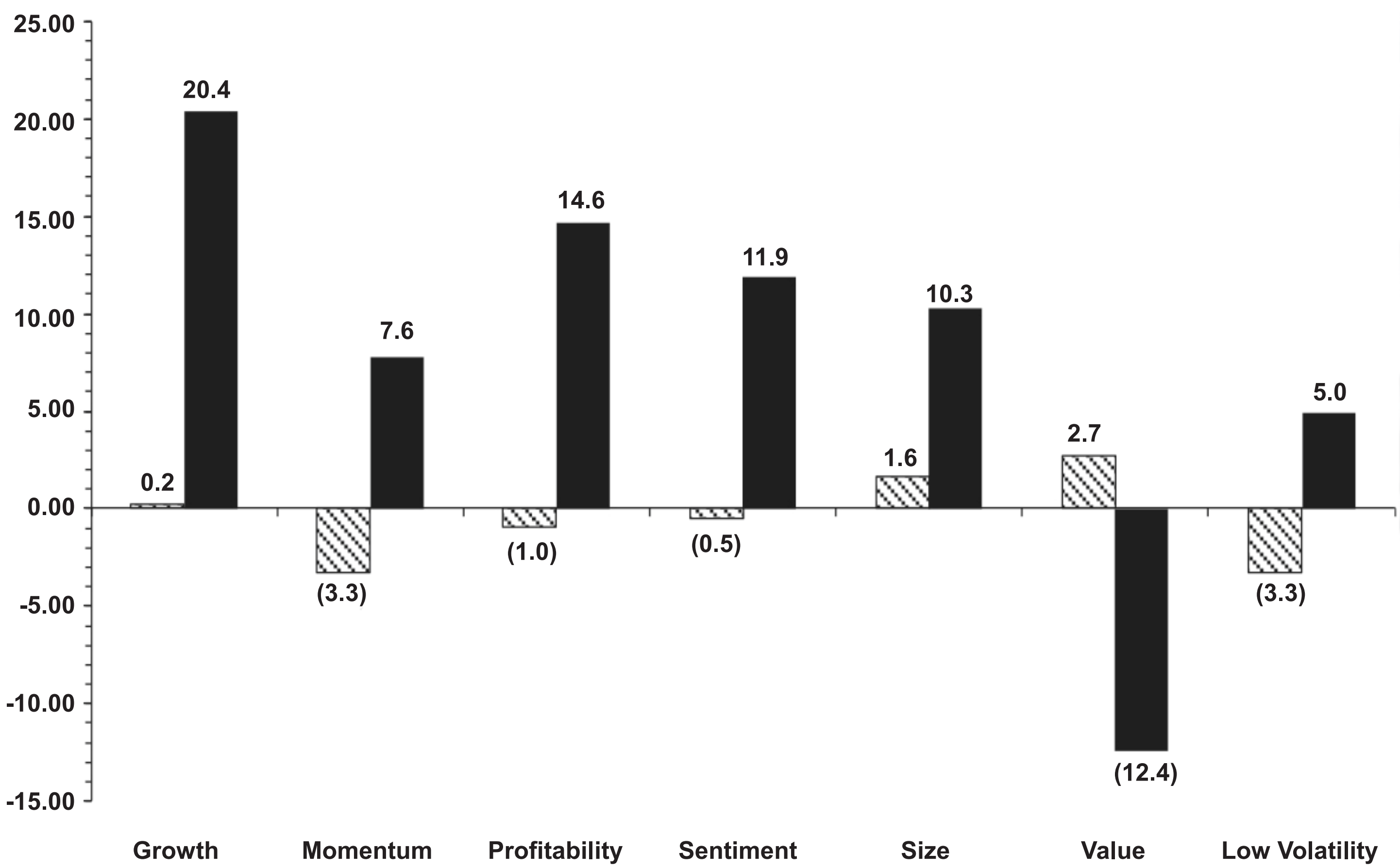
By Greg Swensen, CFA, Senior Analyst and Co-Portfolio Manager, The Leuthold Group, LLC

2017 was a very successful year for quantitative (quant) factors (See Chart 1, below). Out of the seven traditional factor categories tracked, Value was the only one that finished the year with a negative performance spread. Growth had a blowout year as investors exhibited late-cycle behavior by preferring companies with tangible results. Momentum also had a good year, bouncing back from a brutal 2016 (-27.6% spread).

One mitigating factor in how these results translate to quantitatively run portfolios is that Value, one of the most widely-used quant approaches, really struggled. In addition, when breaking down Momentum's +7.6% spread, the "winner" quintile contributed only 2.2% of that total, limiting the alpha extracted by long-only managers.

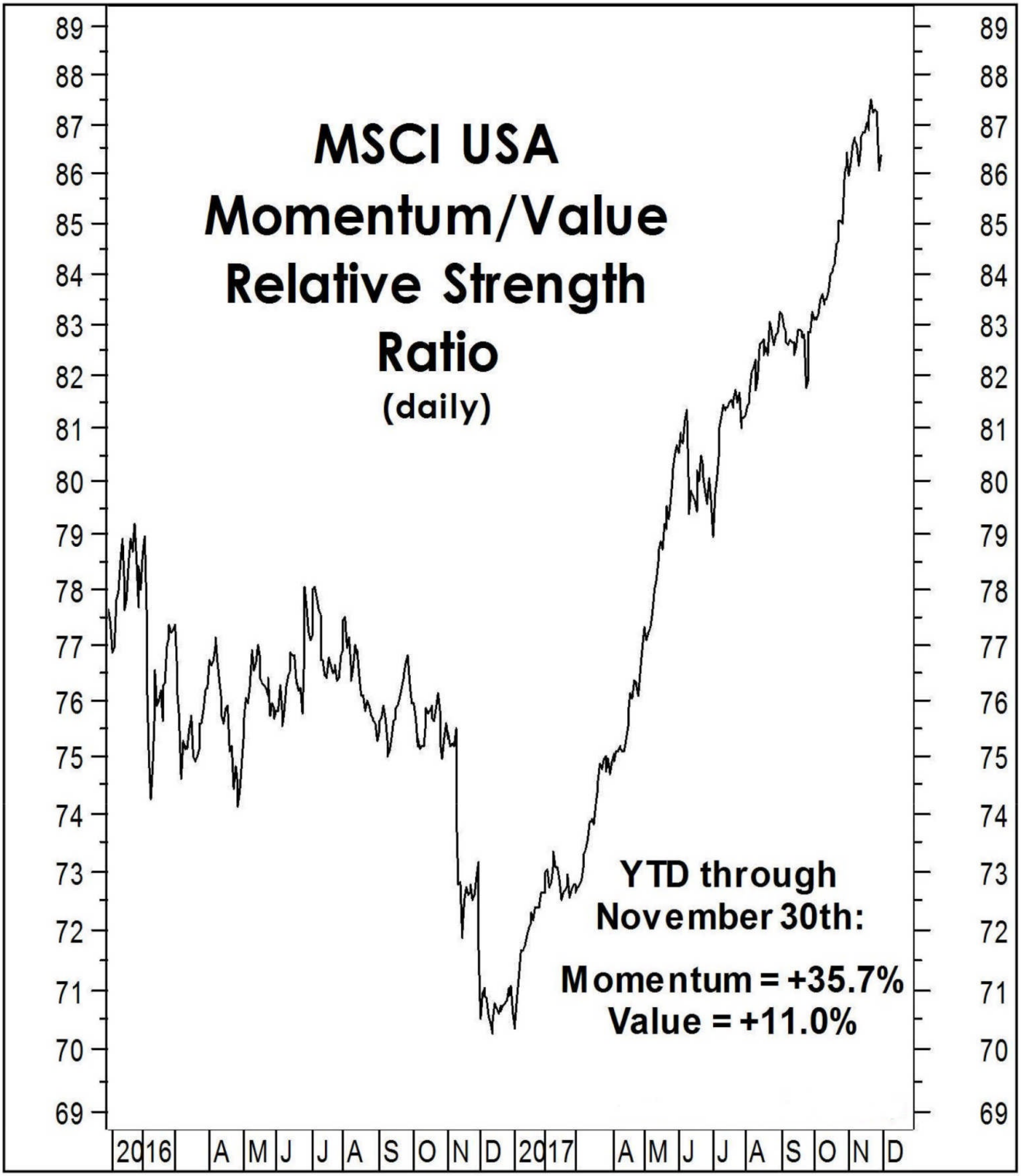
Source: This article was excerpted from "2017 Factor Performance", by Greg Swensen, CFA, Senior Analyst and Co-Portfolio Manager, The Leuthold Group, LLC, (*Perception Express*, January 6, 2018), http://leuth.us/quant-strategies

2017 FACTOR PERFORMANCE
QUINTILE 1 LESS QUINTILE 5
RETURN SPREAD



As of: January 6, 2018

Source: The Leuthold Group, LLC, *Perception Express*, January 6, 2018, http://leuth.us/market-internals



As of: December, 2017

Source: The Leuthold Group, LLC, December, 2017, 401(k), etc.). Due to the tax-deferred natures of these accounts, no income tax will be paid on earnings until the money is withdrawn from the account. A tax-free account includes Roth IRAs or Roth 401(k)s.

One of the first steps that need to be taken is to maximize contributions to tax-advantaged accounts, such as contributing up to the IRS limit for various retirement accounts that an investor might be eligible for.

Generally, taxable accounts are more suitable for equity rather than fixed income investments because most of the return from interest-generating investments will come from the payment of interest and taxed at an investor's ordinary income tax bracket. On the other hand, a portion of equity investment returns will come from capital appreciation, which can be sold at long-term capital gain taxation rates. A second part, although usually lesser proportion, of equity returns will be obtained from the payout of dividends to investors. Dividends are usually taxed at rates similar to long-term capital gains rates.

Non-qualified dividends are income taxed at an investors' ordinary income tax bracket while qualified dividends and long-term capital gains are income taxed at the following rates:

1. Investors in a 25.0% or lower ordinary income tax bracket will pay 0.00%.

2. Investors in the 25.0% to 39.6% ordinary income tax bracket will pay 15.00%.

3. Investors in the 39.6% ordinary income tax bracket will pay 20.00%.

Another issue that investors need to understand is if they are subject to the alternative minimum tax (AMT). The AMT tax rates start at 26.0% and increase to 28.0%. The exemption amounts for AMT have increased in 2018. Married, filing jointly is $86,200.00. Single filers exemption is $55,400.00. Our purpose is not to review the finer points of the AMT calculation, but it is important to factor the possibility of this additional income tax into an investor's decision making.

The following is a list of various asset classes from the most tax-efficient to least tax-efficient:

<u>Tax-Efficient Investments:</u>

1. Equity Focused Exchange-Traded Notes (ETNs)
2. Municipal Bond Funds
3. Exchange-Traded Funds
4. Tax-Managed U.S. Equity Funds
5. Tax-Managed Balanced Funds
6. Domestic Equity Funds
7. Foreign Equity Mutual Funds
8. Gold Equity Mutual Funds
9. Gold Bullion Mutual Funds

<u>Moderately Tax-Efficient Investments:</u>

1. Preferred Stock Mutual Funds
2. Real Estate Mutual Funds
3. Managed Futures Funds

<u>Somewhat Tax-Efficient Investments:</u>

1. Asset Allocation Funds*
2. Balanced Funds (combination of stocks and bonds)
3. Long/Short Funds
4. Master Limited Partnership Exchange-Traded Funds (ETFs)

*This type of an investment is harder to determine what type of an account it can be held in. An asset allocation fund can have different percentages invested in cash, stocks, bonds, REITs, etc. and the allocation can change over time. One way to handle this is to place these types of investments into retirement accounts once all tax-inefficient investments are placed there.

<u>Minimally Tax-Efficient:</u>

1. Master Limited Partnership Exchange-Traded Notes (ETNs) That Distribute Income
2. Announced Merger/Arbitrage Funds
3. Convertible Bond Funds

<u>Tax-Inefficient Investments:</u>

1. Mortgage Real Estate Investment Trusts
2. High Yield Bond Funds
3. Bank Loan Funds
4. Corporate Bond Funds
5. Agency And Non-Agency Bond Funds
6. Treasury Bond Funds (though tax-efficient for state ta purposes)
7. Treasury Inflation Protection Securities Funds (TIPS)
8. Foreign Developed Country Bond Funds
9. Emerging Market Bond Funds
10. Currencies In All Forms

Generally speaking, gaining access to any of these asset classes through Exchange-Traded Funds or Exchange-Traded Notes will be more tax-efficient than through mutual funds. However, there are many factors that an investor needs to understand regarding these types of investments that are beyond the scope of this article.

By placing equity investments that have more significant appreciation potential in taxable accounts, this can provide investors the opportunity to donate shares of those investments to charity, thereby avoiding capital gains taxation altogether and achieving an income tax deduction.

Also, upon death, equity investments with more significant appreciation potential can also obtain a stepped-up cost basis.

One of the problems that an investor will face is that they might not have enough money in retirement accounts to shelter tax-inefficient investments from income taxes. Two schools of thought are commonplace in this instance. One school believes it is best to place the lowest yielding investments in the taxable accounts and the highest yielding investments in the retirement accounts with the thinking being you are not earning that much; therefore, you don't have that much to lose anyhow.

The second school of thought is just the opposite. Protecting the lowest yielding investments by placing them in shelters such as retirement accounts maximizes their returns.

In reality, it is best to analyze the amount of return lost to taxation in both situations and then attempt to minimize the overall taxation.

As long as investors are following the guidelines outlined above and minimize the taxation on the most tax-inefficient investments first, the after-tax returns of their investment portfolio will be maximized.

PULSE

WILL S&P 500 INDEX COMPANIES CONTINUE TO POST RECORD-LEVEL EARNINGS PER SHARE IN 2018?

By Frank Holmes, CEO and Chief Investment Officer, U.S. Global Investors

Earnings per share (EPS) growth is one of the most reliable and closely monitored indicators of market health. It's one of the key metrics that are used to find the most growth-driven and profitable companies.

Looking back through history, most individuals would be hard-pressed to find a single example of a company that increased its earnings, quarter over quarter, year after year, and not see its stock tag along.

Except for a slight dip from 2014 to 2015, when EPS for the S&P 500 Index fell from $119.70 to $117.55, earnings have been rising steadily since 2009.

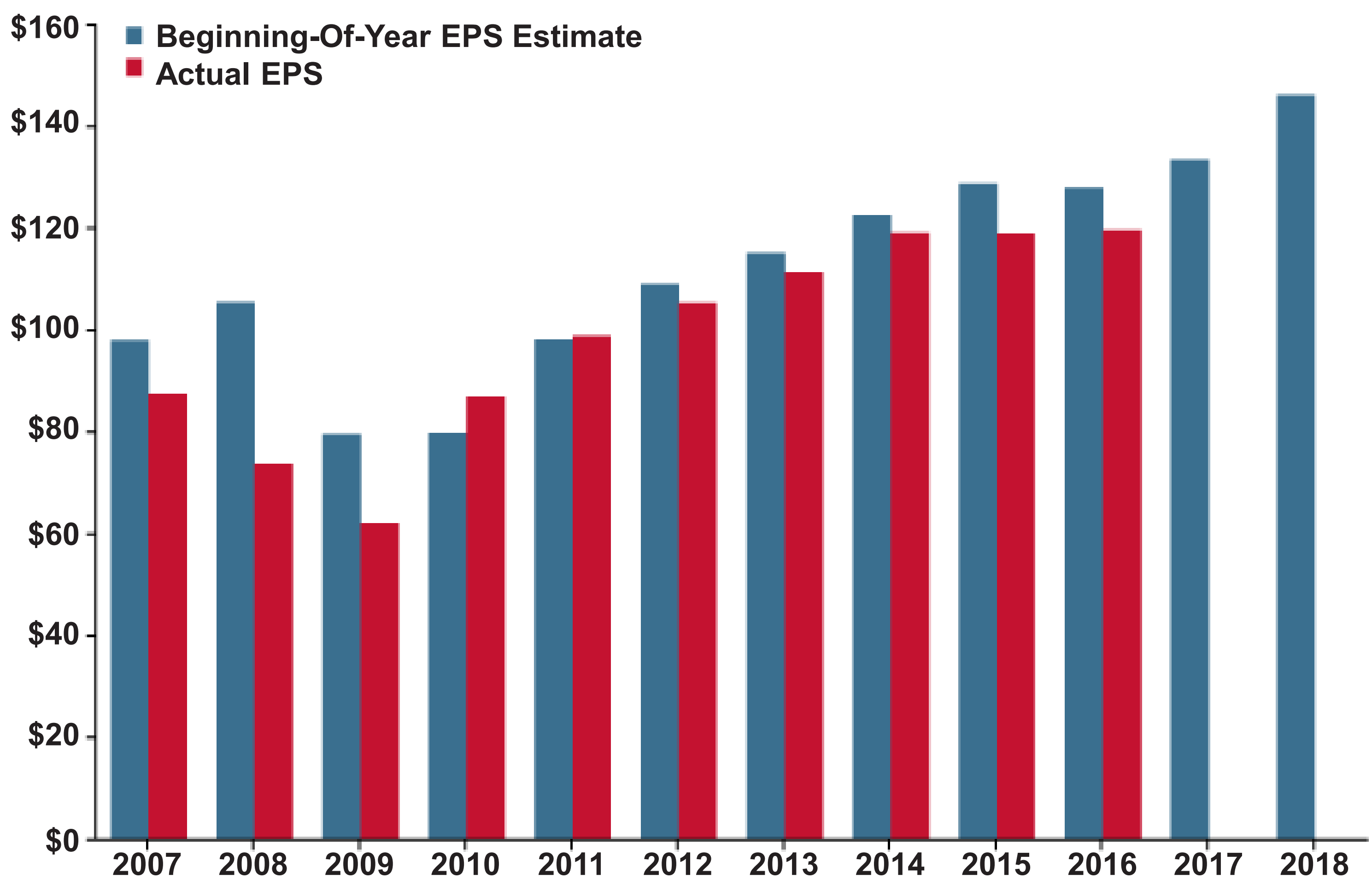
As of December 15, 2017, EPS for 2017 stands at $133.73, a new record and up nearly 13.0% from last year.

In 2018, we could see earnings climb even higher, if estimates prove to be accurate. In a mid-December report, FactSet analysts predict EPS by year-end in 2018 to reach $143.17, 73.0% higher than 2017.

In other words, the American stock market is poised to continue its record-setting bull run in 2018.

Source: This article was excerpted from "Advisor Alert: 5 Big Questions for 2018", by Frank Holmes, CEO and Chief Investment Officer, U.S. Global Investors, (*Advisor Alert*, December 15, 2017), www.usfunds.com

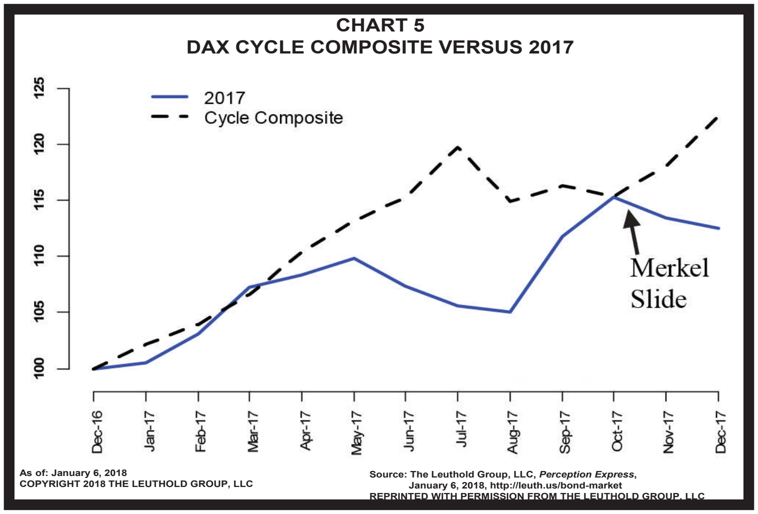
S&P 500 INDEX COULD REPORT RECORD-LEVEL EARNINGS PER SHARE (EPS) IN 2018

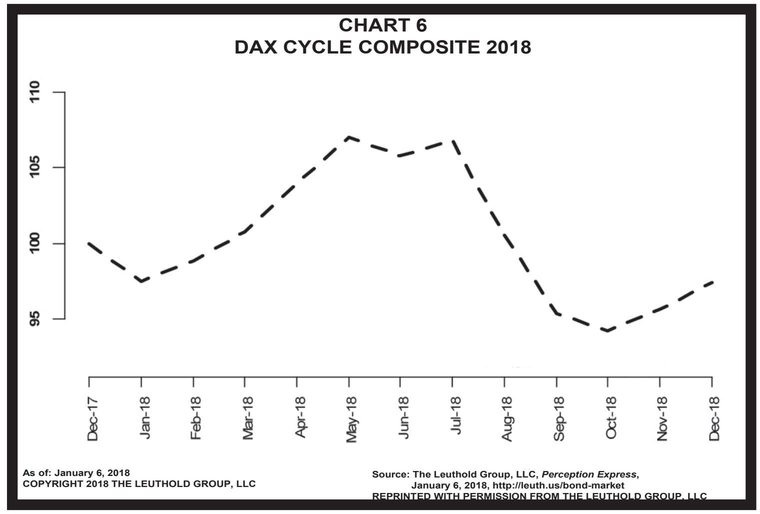


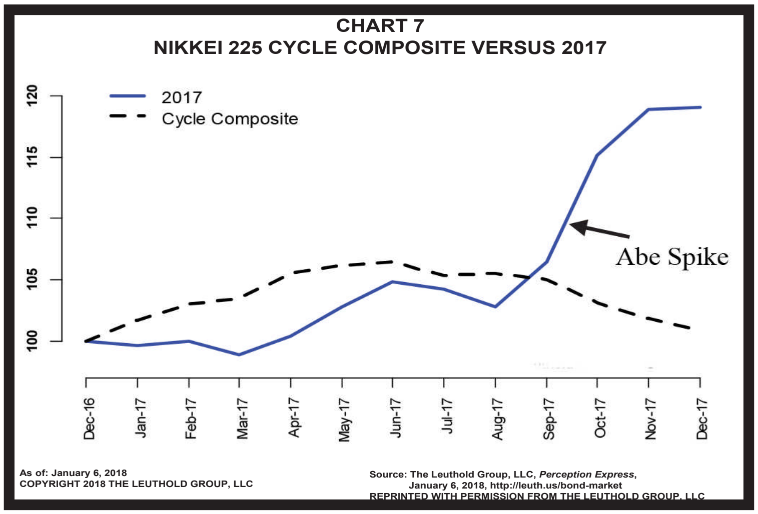
As of: December 15, 2017

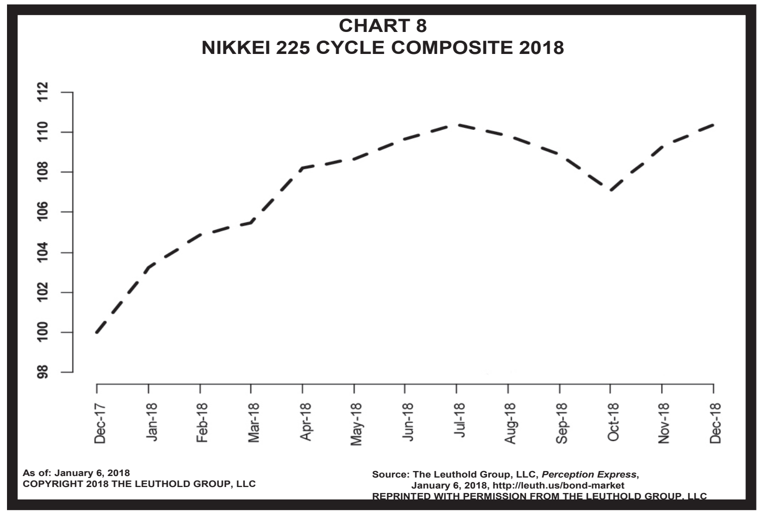
Source: FactSet via U.S. Global Investors, *Advisor Alert*, December 17, 2017, www.usfunds.com

2018 Time Cycle, *continued from page 9*

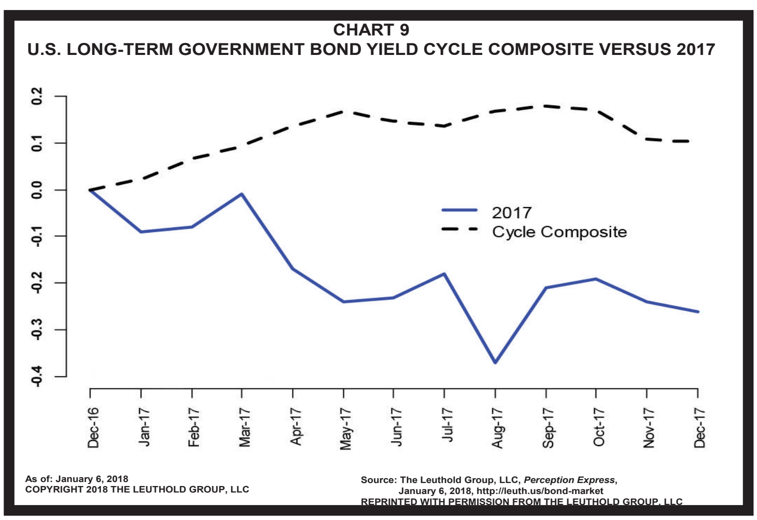


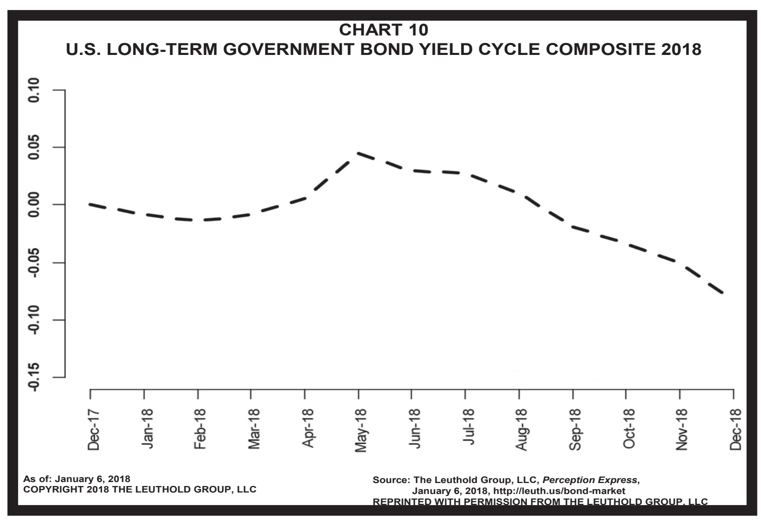






Time-cycle patterns have not worked well for interest rates and 2017 was no exception (See Chart 9). For 2018, long bond yields are likely to hold up in the first half but turn lower in the second half, which could be triggered by a fall correction in equity/risk markets (See Chart 10). Keep in mind these patterns show what a typical 2018 would look like, so a wide band around these patterns should be allowed for.





Source: This article was excerpted from "2018 Time Cycle – Beware A Fall Correction", by Chun Wang, CFA, PRM, Senior Analyst and Co-Portfolio Manager, The Leuthold Group, LLC, (*Perception Express*, January 6, 2018), http://leuth.us/quant-strategies

PULSE

2018 TIME CYCLE - BEWARE A FALL CORRECTION

By Chun Wang, CFA, PRM, Senior Analyst and Co-Portfolio Manager, The Leuthold Group, LLC

In January of 2017, we showed the time-cycle composite for the S&P 500, which is the average of the annual seasonal pattern, the four-year presidential election cycle, and the decennial pattern. It was stated that 2017 was likely to be a year of two halves (a strong first half followed by a weak second half). Well, the second half turned out to be pretty much the same as the first half (See Chart 1) and that was the first year in a very long time where the actual pattern deviated significantly from the historical norm. Obviously, the actual outcome was preferred to the historical norm. The time-cycle pattern for 2018 looks pretty decent overall (See Chart 2). A fall correction might be in the cards but it's not likely to be the bull market breaker if 2018 follows the typical pattern, but be prepared to expect the unexpected. It's been surprising by how well the markets have tracked their historical patterns in the last few years.

CHART 1
S&P 500 CYCLE COMPOSITE VERSUS 2017

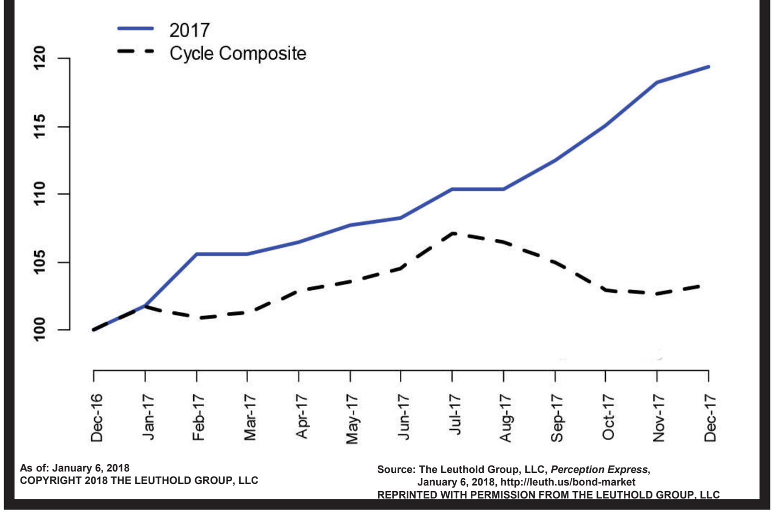
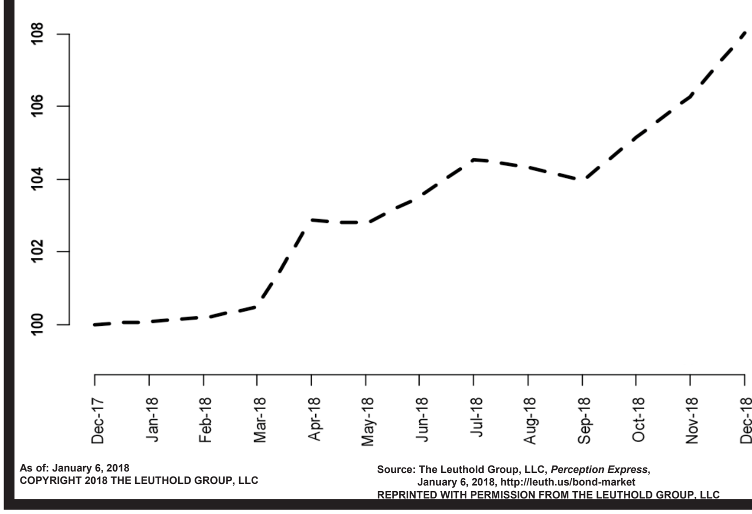


CHART 2
S&P 500 CYCLE COMPOSITE 2018



The Financial Times Stock Exchange (FTSE) 100 index seems to have tracked the cycle composite quite well in 2017 (See Chart 3). Despite a major election mishap that severely undermined Theresa May's leadership, the U.K. economy and its stock market managed to chug along, albeit at a more moderate pace. 2018, however, will likely bring more headwinds, especially in the second half, as the Brexit negotiations move into the more difficult trade talks and May's leadership is likely to face even more challenges, both internally (within Conservative) and externally (from Labour).

CHART 3
FINANCIAL TIMES STOCK EXCHANGE 100 COMPOSITE VERSUS 2017

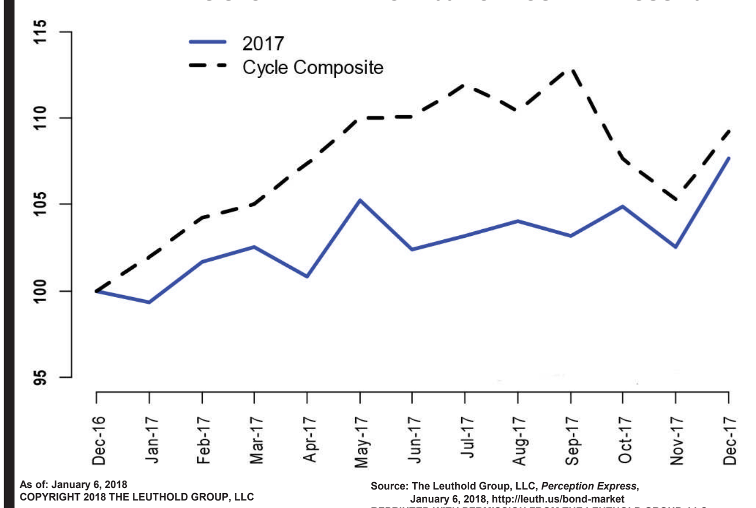
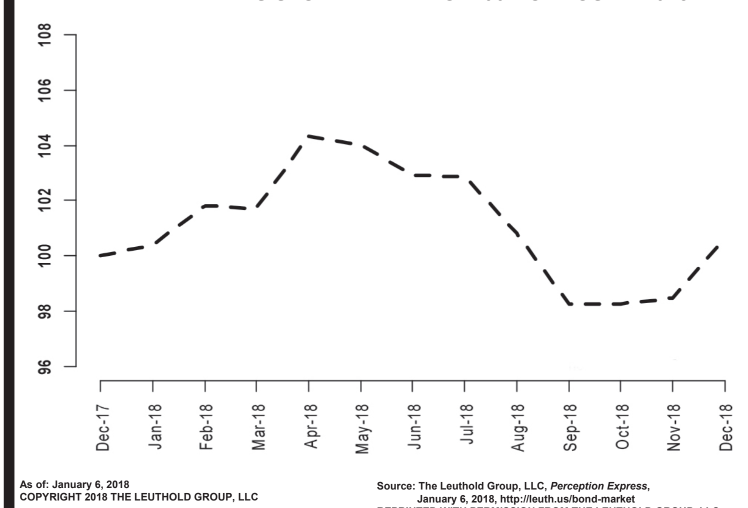


CHART 4
FINANCIAL TIMES STOCK EXCHANGE100 COMPOSITE 2018



In other parts of the world, politics continued to be a major driver of market performance. The DAX kept pace with the historical pattern until November when Merkel failed to form a government after losing ground in the election (See Chart 5 on page 8). The Nikkei was also tracking the historical pattern well until it received a big boost from Abe's landslide victory in October that solidified his leadership (See Chart 7 on page 8). For 2018, both markets face a fall correction (See Charts 6 & 8 on page 8), just like their U.S. and U.K. counterparts.

2018 Time Cycle, *continued on page 8*

holding it in an Exchange-Traded Fund (ETF). It is the largest physical gold ETF. There are also a few other ETFs that own physical gold. Physical gold is an excellent diversification tool.

Another indirect play on gold is to purchase gold mining stocks, which does not necessarily provide direct exposure to the price of gold itself. In fact, gold stocks act more like the S&P 500 than gold bullion. Therefore, the diversification effect is poor.

One of the least known aspects of gold investing is how the income tax consequences of each method of gold ownership can impact the owner's pocketbook. The income taxation issues are delineated below:

Owning Physical Gold:

The IRS categorizes physical gold as a collectible. The result of this categorization is a special long-term capital gains tax rate of 28.0%. Short-Term capital gains will still be taxed at the taxpayer's ordinary income tax rate, just like any other investment.

An Exchange-Traded Fund (ETF) Owning Gold:

An ETF like the SPDR Gold Trust (GLD) is set up as a grantor trust, which means that investors own an undivided ownership percentage of the actual metal. If the ETF has to liquidate any part of the gold, then the investor will be liable for any tax on the gain. This gain is also treated as a collectible which is taxed for income tax purposes at the long-term capital gains tax rate of 28.0%.

An ETF Owning Gold Futures Contracts:

It is common for an ETF that holds gold futures contracts to be structured as a limited partnership. In a limited partnership that holds gold futures contracts, all gains are passed through to the limited partners. In addition, gold futures contracts are marked to market each year and any gains are taxed as of December 31st of each year. Income taxes are paid each year on any gains no matter how short or long the holding period. 60.0% of any gains are taxed at the long-term capital gains tax rate and the remaining 40.0% of the gains are taxed at the investor's ordinary income tax rate. Also, income tax reporting is completed on a Schedule K-1, which causes additional tax forms to be completed and possibly additional fees may be charged by the investor's accountant.

Gold Mining Stocks:

An investor can also gain exposure to gold through gold mining stocks or through an open-end or closed-end mutual fund and/or an ETF that invests in gold mining stocks. Gold mining stocks can provide exposure in the exploration, development and production phases in the gold mining process. An investor must further realize that investing in gold mining stocks does not necessarily provide the investor with exposure to the price of gold. Gold can be skyrocketing in price, but if the mining company is poorly managed, carries a lot of debt, etc., the price of the stock can drop at the same time. There are many other investment reasons that the price of a gold mining stock or mutual fund does not correlate (move similarly) to the price of gold (As mentioned earlier, gold bullion is a better diversifier.). The income tax consequences of owning gold mining stocks directly, through mutual funds or ETFs is taxed a maximum long-term capital gains rate of 15.0% or 20.0%. Short-term capital gains are taxed at the taxpayer's ordinary income tax bracket.

Exchange-Traded Notes:

Another way one can obtain gold exposure is by purchasing an Exchange-Traded Note (ETN). These notes are debt securities of an issuing investment bank that represent an index of gold-mining stocks. The note is not taxed until it is sold or matures (usually 25 to 40 years in the future). When the note is sold, if it is held for one year or more, it is taxed at 15.0% or 20.0% capital gains taxation rates. If it is held less than one year, then short-term capital gains rates apply and any gains are taxed at the taxpayer's ordinary income tax bracket. The danger of this method of investing in gold is that issuing investment could fail. Remember Lehman Brothers!

There are several ways to obtain exposure to gold. It is extremely important for an investor to first understand the investment ramifications of their decision and then to understand the income tax consequences. In short, don't let the tax tail wag the investment dog.

PULSE

WHERE HAVE THESE INVESTORS BEEN?

Forty-six percent of Americans haven't any money invested in U.S. stocks today. This includes either through the ownership of individual stocks, equity mutual funds, or through holdings inside a pre-tax retirement plan **(Source: Gallup)**.

WHAT'S THE NEXT BUBBLE TO BURST?

College student loan debt has increased by nearly $1 trillion over the past 12 plus years. Outstanding student loan debt was $380 million as of September 30, 2005, climbing by $980 billion to $1.36 trillion as of September 30, 2017. The increase was +11.2% per year **(Source: Federal Reserve of New York)**.

WHAT THE FIRST FOUR DAYS OF 2018 MEANS FOR THE REST OF THE YEAR

When The S&P 500 Is Up On All First 4 Days Of Year

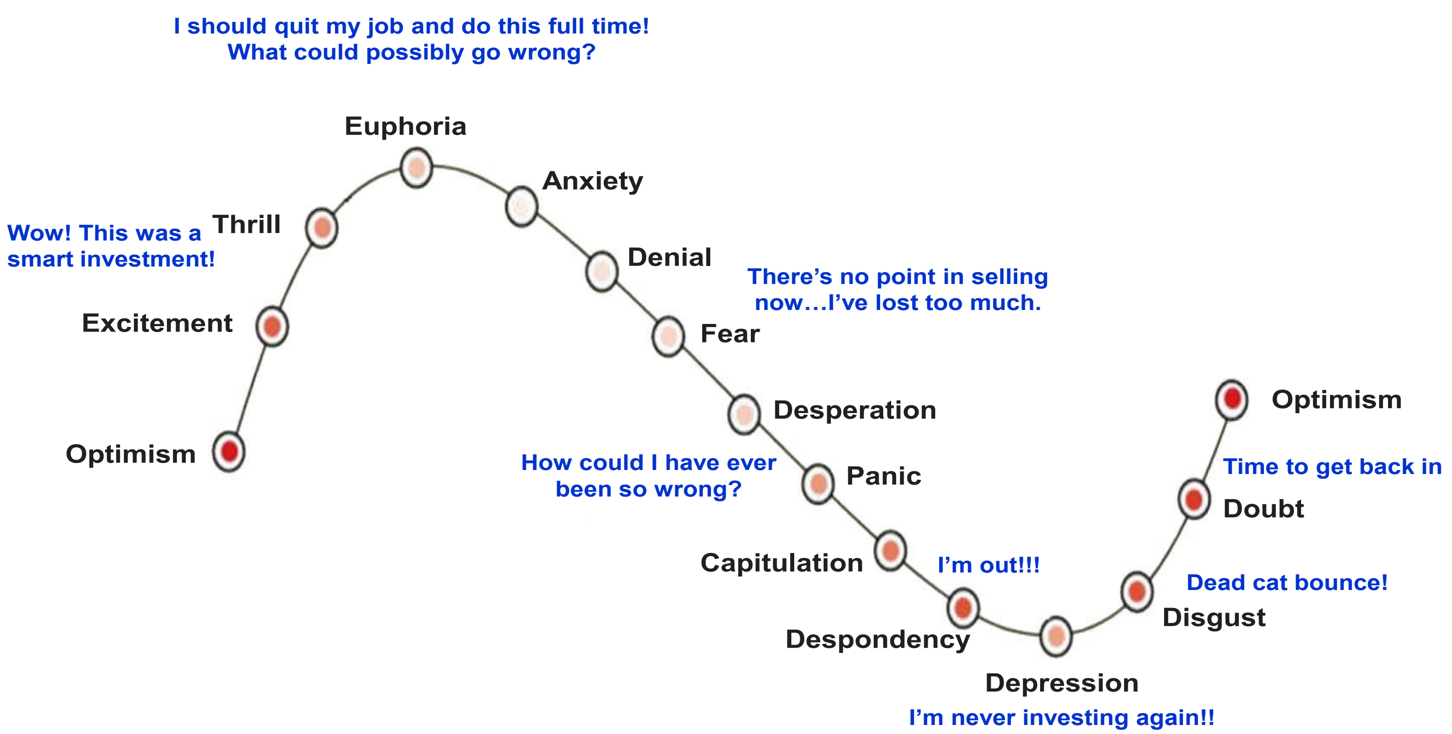
Year	4th Day Closing Value	End Of Year Closing Value	Rest Of Year Percentage Return
2018	2743.1	??	??
2010	1141.7	1257.6	10.16%
2006	1285.4	1418.3	10.33%
1988	261.1	277.7	6.38%
1987	255.3	247.1	-3.23%
1979	99.1	107.9	8.89%
1976	93.9	107.5	14.38%
1967	82.2	96.5	17.39%
1964	75.7	84.8	11.97%
1950	17.0	20.4	20.32%
Average			10.73%
Median			10.33%
Versus All Years Average			8.60%

When The S&P 500 Gains More Than 2.0% At The End Of 4th Day, Since 1950

Year	3rd Day Closing Value	End Of Year Closing Value	Rest Of Year Percentage Return
2018	2743.1	??	??
2013	1461.9	1848.4	26.44%
2010	1141.7	1257.6	10.16%
2006	1285.4	1418.3	10.33%
2003	922.9	1111.9	20.48%
1999	1269.7	1469.3	15.71%
1988	261.1	277.7	6.38%
1987	255.3	247.1	-3.23%
1984	169.3	167.2	-1.21%
1983	145.3	164.9	13.53%
1979	99.1	107.9	8.89%
1976	93.9	107.5	14.38%
1975	71.0	90.2	26.99%
1967	82.2	96.5	17.39%
1958	41.0	55.2	34.66%
1951	20.9	23.8	13.90%
Average			14.32%
Median			13.90%
Versus All Years Average			8.60%

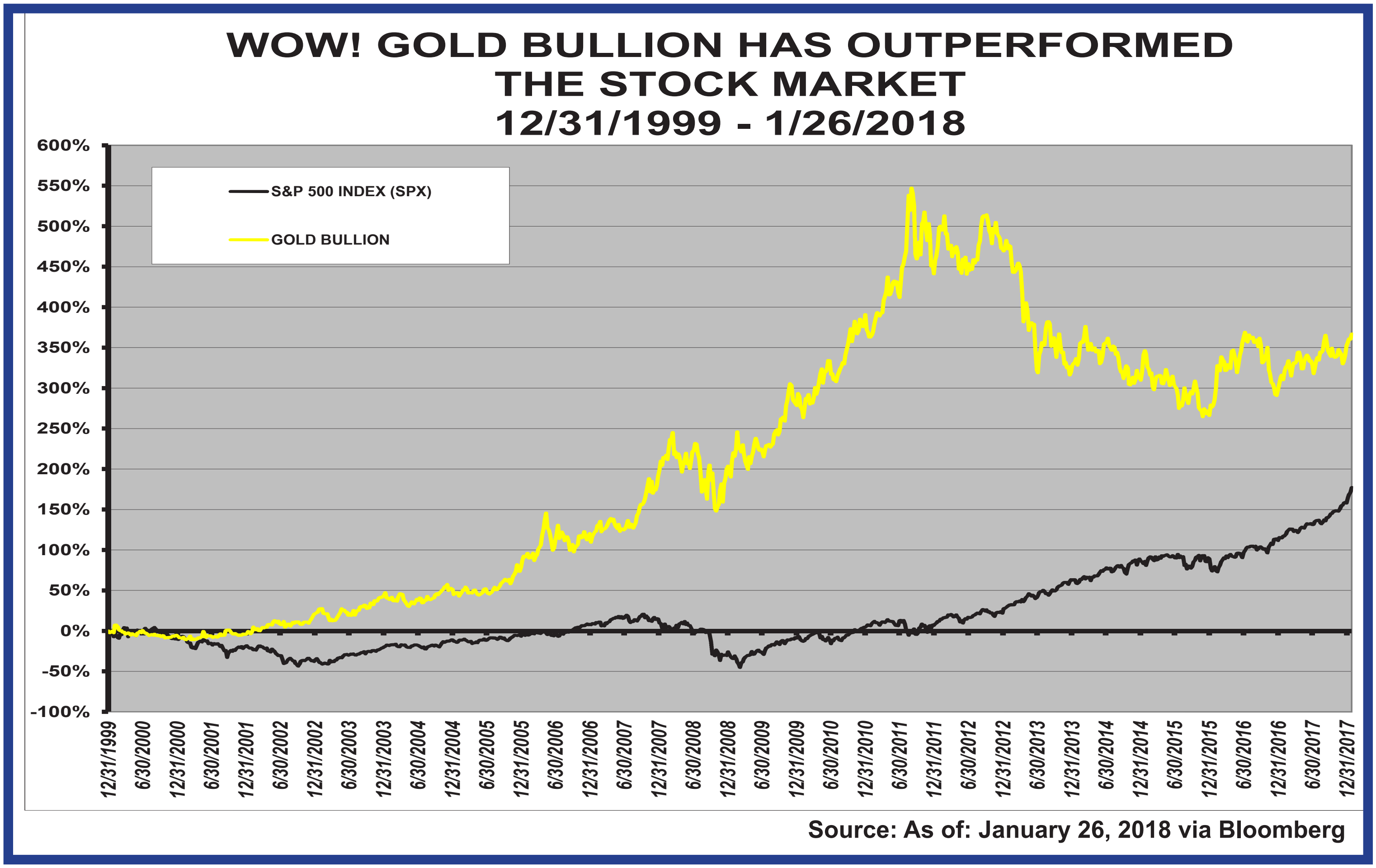
Source: 361 Capital, LLC

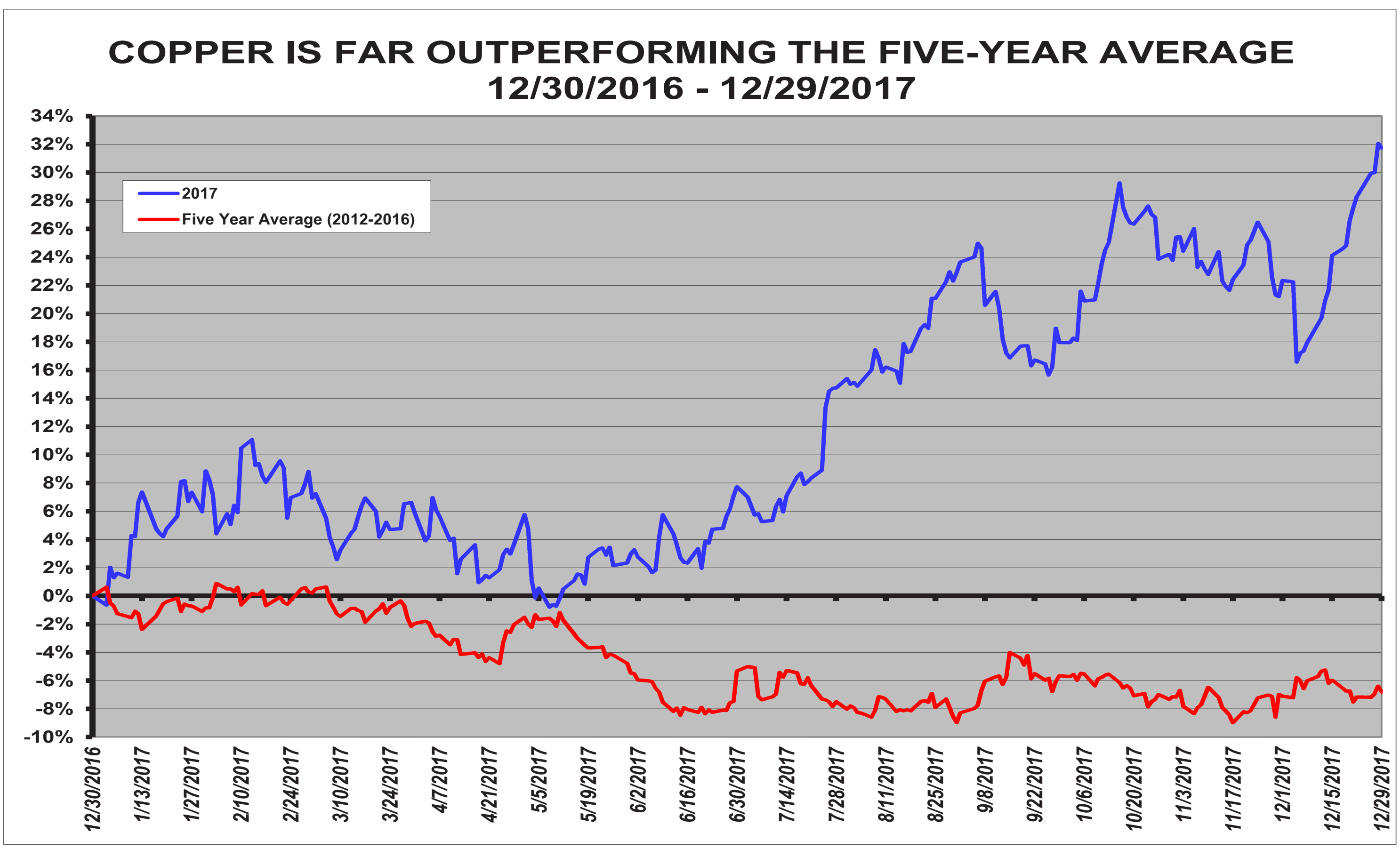
THE STOCK MARKET EMOTION CYCLE



As of: December 16, 2016

Source: CMG Capital Management Group, Inc. *On My Radar*, December 9, 2016
www.cmgwealth.com





As of: November 3, 2017

Source:Bloomberg via U.S. Global Investors, *Advisor Alert,,* November 3, 2017, www.usfunds.com

SECULAR BEAR MARKET WATCH

April 1, 2000 to December 31, 2017
(17 years and 9 months)

	Annual Compound Return	Total Return
Consumer Price Index (Inflation)	2.07%	44.00%
90-Day Treasury Bills Index-Total Return	1.55%	31.36%
Barclays Aggregate Bond Index-Total Return	5.06%	140.14%
High Yield Corporate Bond Index – Total Return	8.99%	361.19%
S&P Leveraged Loan Index – Total Return	4.93%	135.05%
HFRX Global Hedge Fund Index	2.55%	56.46%
S&P 500 Index (U.S. Stock Market)	5.34%	151.99%
MSCI EAFE Index (Developed Foreign Equities)	4.01%	101.00%
MSCI Emerging Market Index (Equities)	7.64%	269.46%
Newedge CTA Index (Managed Futures)	4.65%	124.31%
Dow Jones–UBS Commodity Index-Total Return (USD)**	-0.62%	-10.51%
Dow Jones U.S. Real Estate Index-Total Return (USD)**	10.70%	508.14%
Gold Bullion	9.11%	370.29%

As of: December 31, 2017

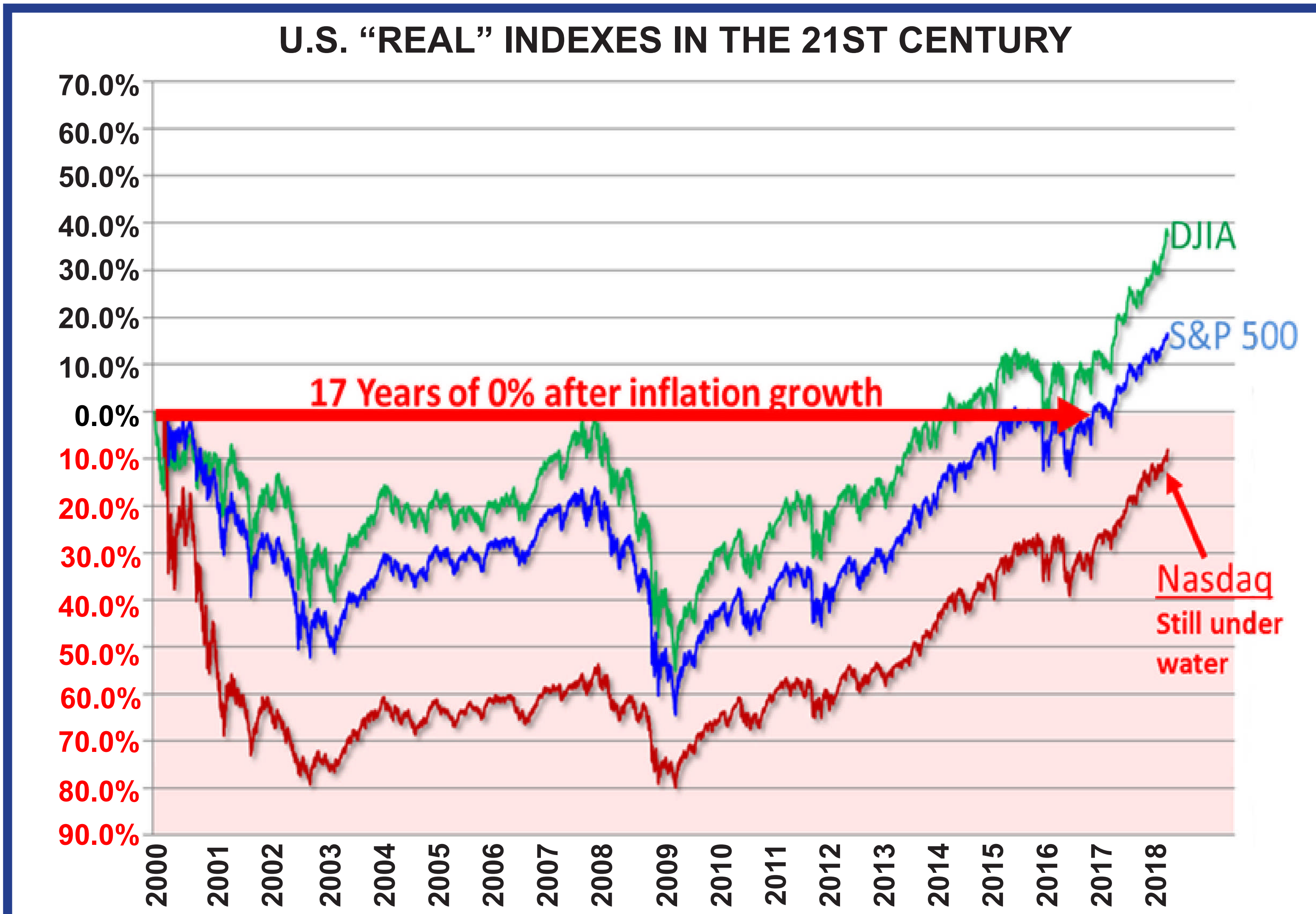
Compound and Total Returns include reinvested dividends. MSCI Indexes do not include dividends prior to 2002. Newedge Index is equally-weighted.

** USD = U.S. Dollar

Source: Bloomberg Investment Service

Note: During Secular Bear markets U.S. Stocks have historically returned a little more than inflation or a little less than inflation—plus or minus 1.50%—and generally last between 15 to 25 years. The last Secular Bear market (1966 to 1982) lasted 17 years and underperformed inflation by approximately one-half of one percent per year. The other Secular Bear markets since 1900 were 1901 to 1920 and 1929 to 1949. In both cases, the U.S. Stock market outperformed inflation by approximately 1.50% per year. All of the aforementioned performance numbers are pre-tax.

The performance of the U.S. Stock market so far in the current period (April 1, 2000 to the present) certainly appears to indicate that we are in a Secular Bear market. Long-term returns (over the next 10 years) for the S&P 500 will probably be slightly worse than the last 17 years and 9 months. Current 10 year normalized P/Es (long-term valuations) indicate approximate annual compound returns of slightly less than 3.00% over the next 10 years. Of course during the next 10 years, returns during various periods will be significantly higher and lower than the expected return. For example, the more the stock market rises in the near term, the less returns after that period will be and vice versa.



As of: December 17, 2017

Source: CMG Capital Management Group, Inc., *On My Radar*, December 1, 2017, www.cmgwealth.com

2017 ANNUAL PERFORMANCE

January 1, 2017 to December 31, 2017
(12 months)

	2017 Annual Return
Consumer Price Index (Inflation)	2.11%
90-Day Treasury Bills Index-Total Return	0.93%
Bloomberg Intermediate Term Corporate Bond Index	3.92%
Barclays Aggregate Bond Index-Total Return	3.54%
High Yield Corporate Bond Index – Total Return	6.88%
S&P Leveraged Loan Index – Total Return	4.11%
HFRX Global Hedge Fund Index	5.99%
S&P 500 Index (U.S. Stock Market)	21.82%
MSCI EAFE Index (Developed Foreign Equities)	25.69%
MSCI Emerging Market Index (Equities)	37.51%
Newedge CTA Index (Managed Futures)	2.48%
Dow Jones–UBS Commodity Index-Total Return (USD)**	0.75%
Dow Jones U.S. Real Estate Index-Total Return (USD)**	9.84%
Gold Bullion	13.68%

As of: December 31, 2017

Compound and Total Returns include reinvested dividends. Newedge Index is equally-weighted.
** USD = U.S. Dollar
Source: Bloomberg Investment Service

U.S. YIELD CURVE FLATTENS TO LEVEL NOT SEEN SINCE 2007

By Frank Holmes, CEO and Chief Investment Officer, U.S. Global Investors

The yield curve is said to "flatten" when the difference between the two-year Treasury yield and 10-year Treasury yield starts to tighten. As of January 8, 2018, that spread moved to 0.496 percentage points, its flattest level since October 2007.

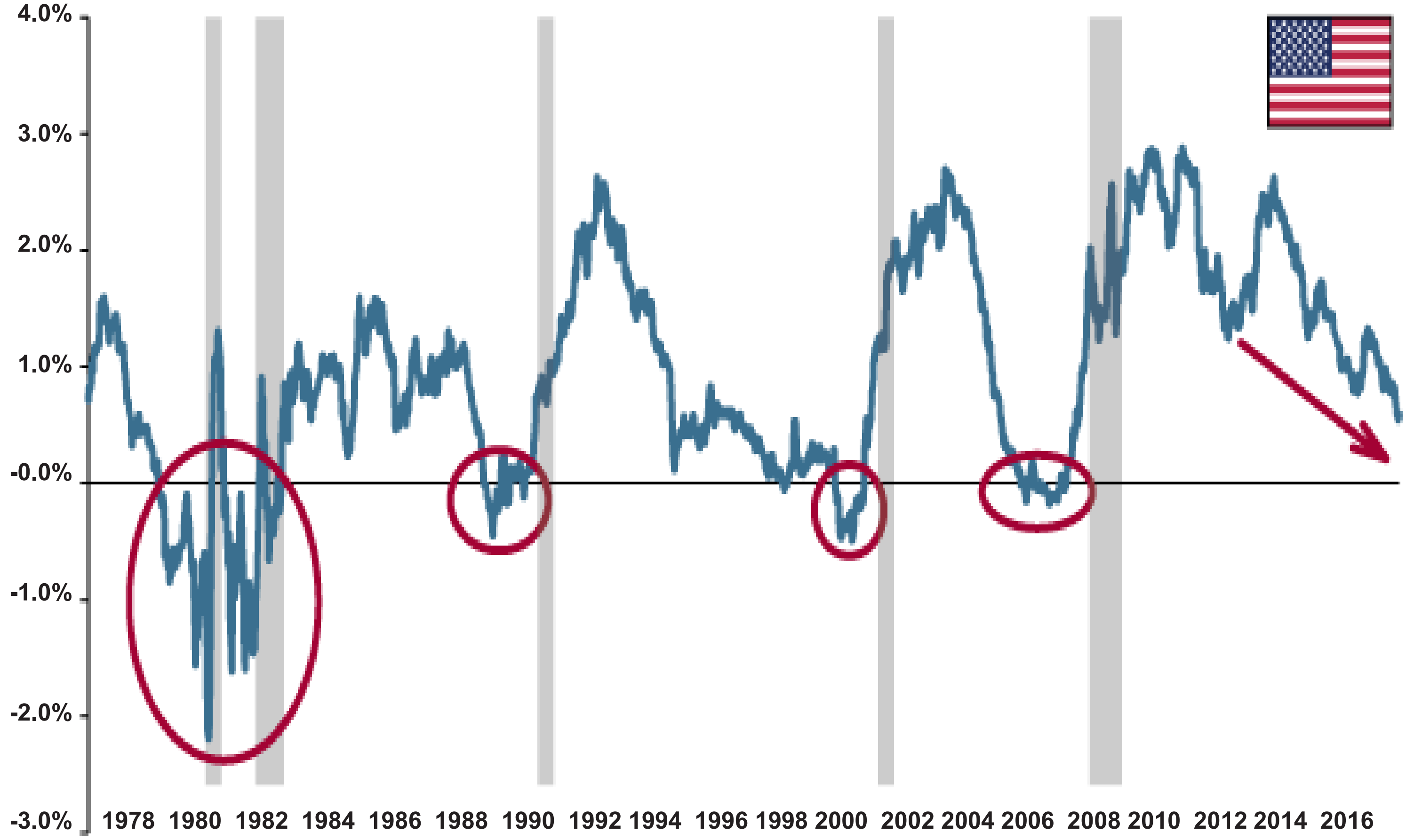
This measure is worth watching because it's often seen as one of the most reliable "canary in the coal mine" predictors of recession. The past seven U.S. recessions were directly preceded by an inverted yield curve—that is, when short-term yields rose above long-term yields. (See the chart below.)

To be clear, we still have a way to go before the yield spread inverts. However, if this is of concern and maybe it should be, then it may be time to reposition portfolios.

Source: This article was excerpted from "It's Time For The Fear trade To Move Gold Prices", by Frank Holmes, CEO and Chief Investment Officer, U.S. Global Investors, (*Advisor Alert*, January 5, 2018), www.usfunds.com

AN INVERTED 10-YEAR MINUS 2-YEAR TREASURY YIELD SPREAD HAS HISTORICALLY PRECEDED A RECESSION

1976 - 2017



As of: January 5, 2018

Source: Federal Reserve via U.S. Global Investors, *Advisor Alert*, December 17, 2017, www.usfunds.com

LEGEND FINANCIAL ADVISORS, INC.® & EMERGINGWEALTH INVESTMENT MANAGEMENT, INC.'S® INVESTMENT MANAGEMENT SERVICES

Legend Financial Advisors, Inc.® (Legend) and EmergingWealth Investment Management, Inc.® (EmergingWealth) offer Personalized Investment Management Services to individuals and institutions. Investment portfolios are developed to match the client's return and risk requirements, which are determined by the clients' completion of a Risk Comfort Zone Questionnaire, with the guidance of a Legend Wealth Advisor or EmergingWealth Advisor, respectively. Each type of investment portfolio is managed to achieve the short, intermediate and long-term investment objectives of the client, as may be applicable.

INVESTMENT PROCESS

Investment Portfolios:

Unlike most financial advisory firms that offer one style of investment or portfolio type, we offer a wide array of investment portfolios that usually fit with the large majority of client needs. If necessary, we will create customized solutions as well. For the types of investment portfolios, please see our Investment Portfolios, Potential Return and Risk Spectrum Chart on the next page. For a detailed description of our portfolios, please contact Louis P. Stanasolovich, CFP®, founder, CCO, CEO and President of both firms for a confidential discussion at (412) 635-9210 or e-mail us at legend@legend-financial.com.

Investment Research:

Our Investment Committee performs extensive research to identify opportunities, mitigate risks and structure investment portfolios. Emphasis is placed on developing portfolios that maximize the potential return relative to the amount of risk taken.

In-depth due diligence including face-to-face interviews in many instances with portfolio managers for open-end mutual funds is performed on each investment we select for a portfolio. Factors (both from a qualitative and quantitative standpoint) that we conduct a thorough analysis of each investment include, but is not limited to, liquidity (including the primary investment and/or the underlying investments, if utilizing pass through vehicles such as open-end mutual funds or exchange-traded products), income taxation, all related costs, return potential, drawdown potential (historical declines from peak-to-trough), volatility and management issues (Anything having to do with the management team of a stock, open-end mutual fund or an exchange-traded product.).

All portfolios for EmergingWealth are subadvised by Legend.

Client Education:

Education is very important to us. We are dedicated to educating each client about the different investment portfolio types and how they relate to market volatility, time horizons, and investment returns. It is our goal to ensure that the client understands and agrees with our investment philosophy. Furthermore, we assist each client in selecting a risk tolerance level with which they are comfortable. Ultimately, an investment portfolio is designed to meet the client's objectives.

PERFORMANCE REPORTING

Many investment firms only offer monthly brokerage statements, which provide minimal information; typically only account and investment balances. We, on the other hand, provide detailed quarterly reports that outline performance, income and management fees (among other items) in a simple, easy-to-read report. In addition, each performance report is sent with an extensive index page that illustrates the investment environment during the reporting period.

FEES

To find out more about the fees for either Legend or EmergingWealth's Investment Management services, please contact Louis P. Stanasolovich, CFP®, founder, CCO, CEO and President of both firms for a confidential discussion at (412) 635-9210 or e-mail us at legend@legend-financial.com.

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